

AMENDED IN ASSEMBLY JANUARY 28, 2003

AMENDED IN ASSEMBLY JANUARY 27, 2003

CALIFORNIA LEGISLATURE—2003–04 FIRST EXTRAORDINARY SESSION

ASSEMBLY BILL

No. 4

Introduced by Assembly Member Wesson
(Principal coauthor: Senator Soto)

January 21, 2003

An act to amend Sections 10754 and 11000 of the Revenue and Taxation Code, relating to taxation, *to take effect immediately, tax levy.*

LEGISLATIVE COUNSEL'S DIGEST

AB 4, as amended, Wesson. Vehicle license fees.

The Vehicle License Fee (VLF) Law establishes, in lieu of any ad valorem property tax upon vehicles, an annual license fee for any vehicle subject to registration in this state in the amount of 2% of the market value of that vehicle, as specified. The VLF Law offsets this amount by 67.5% for vehicle license fees with a final due date on or after July 1, 2001, and requires the Controller, upon receipt of monthly notification from the Department of Motor Vehicles of the amount of offsets applied, to transfer General Fund moneys to reimburse local governments for losses resulting from the vehicle license fee offset.

The VLF Law also requires, in the event there are insufficient moneys in the General Fund for the Controller to fully reimburse local governments for losses resulting from the vehicle license fee offset, that the offset amount be reduced in proportion to the shortfall in funding to reimburse local governments for those losses. Existing law does not designate the person or agency responsible for making the

determination of whether there are sufficient moneys in the General Fund to make these reimbursements.

This bill would provide that the Director of Finance is required to make the same determination of whether there are insufficient moneys in the General Fund for the Controller to fully reimburse local governments for losses resulting from the vehicle license fee offsets.

This bill would clarify that the term “General Fund,” as used with reference to the vehicle license fee offset, has the same meaning as set forth in a specified statute, and would specify that the term “General Fund” does not include any moneys in that fund that the state is obligated to repay to the source from which those moneys were received, or any moneys in that fund that are derived from loans or other forms of indebtedness.

This bill would exempt vehicles with a cost price, as defined, of \$5,000 or less from the provisions requiring a reduction of the offset in the event that a determination is made that there are insufficient moneys in the General Fund to fully reimburse local governments for losses resulting from the offset.

This bill would take effect immediately as a tax levy.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 10754 of the Revenue and Taxation
2 Code is amended to read:

3 10754. (a) Notwithstanding any other provision of law *and*
4 *except as otherwise provided by subdivision (d)*, the total amount
5 of the vehicle license fee otherwise required with respect to a
6 vehicle shall be offset in accordance with those provisions set forth
7 below that are operative pursuant to subdivision (b):

8 (1) (A) For any initial or original registration of any vehicle,
9 never before registered in this state, for which the final due date
10 for the license fee is on or after January 1 of any calendar year for
11 which this paragraph is operative, and for any renewal of
12 registration with an expiration date on or after January 1 of any
13 calendar year for which this paragraph is operative, the department
14 shall offset the total amount of fees otherwise due at the time of
15 registration of that vehicle by an amount equal to 25 percent of the



1 amount computed pursuant to Section 10752 or 10752.1, or
2 Section 18115 of the Health and Safety Code.

3 (B) Upon proper payment of license fees to the Department of
4 Motor Vehicles, the amount of the offset for each vehicle shall be
5 transferred into the Motor Vehicle License Fee Account in the
6 Transportation Tax Fund, and into the Local Revenue Fund,
7 pursuant to Section ~~11000 or Section 11000.1, as applicable.~~
8 *11000.*

9 (C) During any period for which the Director of Finance makes
10 a finding that insufficient moneys are available to be transferred
11 from the General Fund to fully fund the offsets required by
12 subparagraph (A) the department shall, as soon as possible, but no
13 later than 90 days after the Director of Finance makes that finding,
14 reduce the amount of each offset computed pursuant to
15 subparagraph (A) by multiplying that amount by the ratio of the
16 amount of moneys actually available to be transferred from the
17 General Fund to pay for those offsets to the amount of moneys that
18 is necessary to fully fund those offsets.

19 (D) The Controller shall provide the Director of Finance with
20 any information available to the Controller that is requested by the
21 Director of Finance for purposes of making the determination
22 required by subparagraph (C).

23 (2) (A) For any initial or original registration of any vehicle,
24 never before registered in this state, for which the final due date
25 for the license fee is on or after January 1 of any calendar year for
26 which this paragraph is operative, and for any renewal of
27 registration with an expiration date on or after January 1 of any
28 calendar year for which this paragraph is operative, the department
29 shall offset the total amount of fees otherwise due at the time of
30 registration of that vehicle by an amount equal to 35 percent of the
31 amount computed pursuant to Section 10752 or 10752.1, or
32 Section 18115 of the Health and Safety Code.

33 (B) Upon proper payment of license fees to the Department of
34 Motor Vehicles, the amount of the offset for each vehicle shall be
35 transferred into the Motor Vehicle License Fee Account in the
36 Transportation Tax Fund, and into the Local Revenue Fund,
37 pursuant to Section ~~11000 or Section 11000.1, as applicable.~~
38 *11000.*

39 (C) During any period for which the Director of Finance makes
40 a finding that insufficient moneys are available to be transferred

1 from the General Fund to fully fund the offsets required by
2 subparagraph (A) the department shall, as soon as possible, but no
3 later than 90 days after the Director of Finance makes that finding,
4 reduce the amount of each offset computed pursuant to
5 subparagraph (A) by multiplying that amount by the ratio of the
6 amount of moneys actually available to be transferred from the
7 General Fund to pay for those offsets to the amount of moneys that
8 is necessary to fully fund those offsets.

9 (D) The Controller shall provide to the Director of Finance any
10 information available to the Controller that is requested by the
11 Director of Finance for purposes of making the determination
12 required by subparagraph (C).

13 (3) (A) For any initial or original registration of any vehicle,
14 never before registered in this state, for which the final due date
15 for the license fee is on or after January 1 of any calendar year for
16 which this paragraph is operative, and for any renewal of
17 registration with an expiration date on or after January 1 of any
18 calendar year for which this paragraph is operative, the department
19 shall offset the total amount of fees otherwise due at the time of
20 registration of that vehicle by an amount equal to $67\frac{1}{2}$ percent of
21 the amount computed pursuant to Section 10752 or 10752.1, or
22 Section 18115 of the Health and Safety Code.

23 (B) Upon proper payment of license fees to the Department of
24 Motor Vehicles, the amount of the offset for each vehicle shall be
25 transferred into the Motor Vehicle License Fee Account in the
26 Transportation Tax Fund, and into the Local Revenue Fund,
27 pursuant to Section ~~11000 or Section 11000.1, as applicable.~~
28 ~~11000.~~

29 (C) During any period for which the Director of Finance makes
30 a finding that insufficient moneys are available to be transferred
31 from the General Fund to fully fund the offsets required by
32 subparagraph (A) the department shall, as soon as possible, but no
33 later ~~then~~ than 90 days after the Director of Finance makes that
34 finding, reduce the amount of each offset computed pursuant to
35 subparagraph (A) by multiplying that amount by the ratio of the
36 amount of moneys actually available to be transferred from the
37 General Fund to pay for those offsets to the amount of moneys that
38 is necessary to fully fund those offsets.

39 (D) The Controller shall provide the Director of Finance with
40 any information available to the Controller that is requested by the

1 Director of Finance for purposes of making the determination
2 required by subparagraph (C).

3 (b) The offset provisions set forth in subdivision (a) shall be
4 operative as provided by the following:

5 (1) Paragraph (1) of subdivision (a) shall be operative for
6 vehicle license fees with a final due date in the calendar year
7 beginning on January 1, 1999.

8 (2) Paragraph (2) of subdivision (a) shall be operative for
9 vehicle license fees with a final due date on or after January 1,
10 2000, and before July 1, 2001.

11 (3) Paragraph (3) of subdivision (a) shall be operative for
12 vehicle license fees with a final due date on or after July 1, 2001.

13 (c) ~~(4)~~ For purposes of this section:

14 (1) "Department" means the Department of Motor Vehicles
15 with respect to a vehicle license fee offset for a vehicle subject to
16 registration under the Vehicle Code, and the Department of
17 Housing and Community Development with respect to a vehicle
18 license fee offset for a manufactured home, mobilehome, or
19 commercial coach described in Section 18115 of the Health and
20 Safety Code.

21 (2) The "final due date" for a license fee is the last date upon
22 which that fee may be paid without being delinquent.

23 (3) "General Fund" has the same meaning as that term is
24 defined in Section 16300 of the Government Code, but does not
25 include either of the following:

26 (A) Any moneys deposited in the General Fund that the state is
27 obligated to either repay or return to the source, fund, account, or
28 any successor thereof, from which the money was received.

29 (B) Any moneys deposited in the General Fund that are derived
30 from short-term obligations, loans, sales of bonds or debentures,
31 or other forms of indebtedness.

32 (d) *Notwithstanding any other provision of law, for any initial*
33 *or original registration of any vehicle never before registered in*
34 *this state, or for any renewal of a registration of a vehicle, the*
35 *department shall, if the vehicle's "cost price," as determined*
36 *pursuant to this article, is five thousand dollars (\$5,000) or less,*
37 *offset the total amount of the license fee otherwise due by an*
38 *amount equal to 67½ percent of the amount computed pursuant*
39 *to Section 10752 or 10752.1 or 18115 of the Health and Safety*
40 *Code.*

SEC. 2. Section 11000 of the Revenue and Taxation Code is amended to read:

11000. (a) Beginning on the operative date of Section 9551.2 of the Vehicle Code, the Controller shall do both of the following:

(1) Transfer from the General Fund to the Motor Vehicle License Fee Account in the Transportation Tax Fund an amount equal to 75.67 percent of the amount of offsets that are applied by the department pursuant to Sections 9551.2 and 9554.1 of the Vehicle Code.

(2) Transfer from the General Fund to the Local Revenue Fund, established pursuant to Section 17600 of the Welfare and Institutions Code, in the Transportation Tax Fund an amount equal to 24.33 percent of the amount of offsets that are applied by the department pursuant to Sections 9551.2 and 9554.1 of the Vehicle Code.

(b) The department shall notify the Controller and the Director of Finance of the total amount of the offsets applied by the department pursuant to Sections 9551.2 and 9554.1 of the Vehicle Code concurrently with the department's transfer for deposit of vehicle license fee revenues as required by law.

(c) For purposes of Section 15 of Article XI of the California Constitution, the General Fund revenues that are transferred as required by paragraph (1) of subdivision (a) shall constitute successor tax revenues to the vehicle license fees offset in this part and shall be allocated in the same manner as revenue derived from taxes imposed pursuant to this part.

(d) For purposes of Article 1 (commencing with Section 25350) of Chapter 5 of Part 2 of Division 2 of Title 3 of the Government Code, Section 11003, and Chapter 6 (commencing with Section 17600) of Part 5 of Division 9 of the Welfare and Institutions Code, the General Fund transfer amounts specified in paragraphs (1) and (2) of subdivision (a) are hereby deemed to be vehicle license fee proceeds and vehicle license fee revenues. These General Fund transfer amounts are subject to the same pledges, liens and encumbrances, and priorities set forth in Section 25350 and following of, Section 53584 and following of, and Section 5450 and following of, the Government Code.

(e) Nothing in this section amends or intends to amend or impair Section 25350 and following of, Section 53584 and

- 1 following of, the Government Code, or any other statute dealing
- 2 with the interception of funds.
- 3 *SEC. 3. This act provides for a tax levy within the meaning of*
- 4 *Article IV of the Constitution and shall go into immediate effect.*

O

